

August 11, 2010

**ITEM NO. C4**

**AUTHORIZATION TO EXECUTE THE CHICAGO HOUSING  
AUTHORITY EMPLOYEES' RETIREMENT PLAN AND TRUST AS AMENDED AND  
RESTATED EFFECTIVE JANUARY 1, 2010**

**To the Honorable Board of Commissioners,**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or designee to execute the Chicago Housing Authority ("CHA") Employees' Retirement Plan and Trust as Amended and Restated Effective January 1, 2010 (the "Plan").

**FUNDING**

N/A

**EXPLANATION**

On July 15, 2010, the Board of Trustees of the Chicago Housing Authority Employees' Retirement Plan and Trust approved the Plan, to be effective as of January 1, 2010. Legal Counsel to the Board of Trustees, Laner, Muchin, Dombrow, Becker, Levin and Tominberg, Ltd, provided their services to revise the Plan and Trust Agreement between the Chicago Housing Authority and the Trustees of the Chicago Housing Authority Employees' Retirement Plan and Trust.

The original Plan was adopted in 1951, with subsequent amendments and restatements, with the last restatement becoming effective on July 1, 1997, with subsequent amendments being made. Effective January 1, 1993, the CHA established the Chicago Housing Authority Retirement Trust to hold the assets of the Plan, whereas the July 1, 1997 Amended and Restated Plan combined the provisions of the Plan and Trust into a single document among other changes.

The provisions of Revenue Procedure 2009-36 establishes the amendment cycle for governmental retirement plans. In order to secure an updated determination letter from the Internal Revenue Service, the Plan must be submitted for such determination by January 31, 2011. The Amended and Restated Plan includes revisions to comply with certain changes in the laws and regulations applicable to governmental retirement plans. These major changes are:

1. Rollover by a Non-Spousal Beneficiary (including a Qualified Domestic Partner). This new option is for distributions effective January 1, 2010.

2. Rollovers to Roth IRA's. This new option, for Participants, Spouses, Qualified Domestic Partners and Beneficiaries, is for distributions effective July 1, 2010.
3. Qualified Domestic Relations Orders. The Plan for many years has provided benefits to a Spouse, former Spouse, child or other dependent of a Participant ("Alternate Payee") that complies with a Qualified Domestic Relations Order. Effective January 1, 2010, the provisions of a QDRO have been updated in accordance with applicable law.
4. Distributions Made Due to Mistake or Fraud. Effective January 1, 2010, express provisions are added to provide that the Plan may take whatever action necessary to recover benefits paid to any individual who fraudulently or mistakenly provides inaccurate information.
5. Qualified Military Service. Effective January 1, 2007, Plan provisions adopt as defined in Code Section 414(u) beneficiary entitlements of Participants who die while performing qualified military service.
6. Dollar Limitation on Benefits. Effective for years beginning after June 30, 1997, the Plan adopts and complies with the technical requirements of the new Internal Revenue Service Section 415 regulations concerning annual benefit limits payable to a participant. For year 2010 the limit is \$195,000 per year.

Additionally, the Plan is amended and restated to reflect benefit changes. These benefit changes are:

1. Domestic Partners. This new benefit, effective January 1, 2010, offers Participants the opportunity to provide survivor benefits to their domestic partner similar to those available to a Spouse. Documents provided to the Pension Plan Administrator that sufficiently cause a domestic partner to be a Qualified Domestic Partner will allow the designated individual to be treated similar to a Spouse for distribution of benefit provisions as well as beneficiary consent provisions.
2. Five Year Certain and Life Annuity. This new benefit, effective July 1, 2010, provides a new optional form of benefit for Participants (and their Spouse or Qualified Domestic partner).
3. Automatic Reversion to a Single Life Annuity upon Death of Spouse or Qualified Domestic Partner. This new benefit feature, whereby a Participant has elected on or after July 1, 2010, either a 50% or 100% survivor annuity for their Spouse or Qualified Domestic Partner, and where such Spouse or Qualified Domestic Partner dies before the Participant, the benefit is converted (i.e. increased) to a Single Life Annuity.
4. Interest Rate on "Refunds" in the Event of Termination of Continuous Service. The applicable annual interest rate for periods of time after June 30, 2010, is decreased from 5% to 3%.

The Plan also incorporates all amendments since the July 1, 1997 Amended and Restated Plan.

Based on the above, it is in the best interest of the CHA to authorize the Chief Executive Officer or his designee to execute the Chicago Housing Authority Employees' Retirement Plan and Trust as Amended and Restated Effective January 1, 2010.

**RESOLUTION NO. 2010-CHA-101**

**WHEREAS,** the Board of Commissioners has reviewed Board Letter dated August 11, 2010 entitled "Authorization to Execute the Chicago Housing Authority Employees' Retirement Plan and Trust as Amended and Restated Effective January 1, 2010";

**THEREFORE BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute the Chicago Housing Authority Employees' Retirement Plan and Trust as Amended and Restated Effective January 1, 2010.

